

## **806 KAR 8:010. Valuation of assets on deposit.**

RELATES TO: KRS 304.8-040, 304.8-095, 304.8-120

STATUTORY AUTHORITY: KRS 304.2-110

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Commissioner of Insurance may make reasonable rules and administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation sets forth the method of valuation of assets on deposit with the Commissioner of Insurance.

Section 1. Insurance companies making deposits and revaluations of deposits with the Custodian of Insurance Securities shall utilize the Insurance Department Form 143, Detailed Listing of Securities Held Under Safekeeping Pursuant to KRS 304.8-095.

Section 2. Assets on deposit with the Custodian of Insurance Securities which are obligations having a fixed term, rate and face value, shall be valued as follows:

(1) At face value if acquired at face value; or

(2) If acquired above or below face value, on the basis of the purchase price adjusted annually to bring the value to face value on maturity. The obligations when in default as to either principal or interest are not eligible for deposit, and the commissioner shall require replacement of the deposits in accordance with KRS 304.8-120.

Section 3. Preferred and common stocks shall be valued, for deposit purposes, at the then market value. Twice each year these classes of securities shall be revalued, once as of the preceding December 31 and again as of June 30. The latter revaluation shall be accompanied by a statement from a recognized securities brokerage firm to the effect that the prices used were the fair market values at June 30.

Section 4. Mortgage loans and notes shall be valued at the unpaid principal balance of the note at the time of deposit. Each year, before April 1, the mortgage loans on deposit shall be revalued so as to reflect the estimated unpaid principal balances as of the succeeding December 31.

Section 5. Home office real property shall be valued for deposit purposes at the company's book value, or at the fair market value if the appraisal has been established by a licensed appraiser. Any change in the company's book value or appraised value shall cause a revaluation of this deposit.

Section 6. Incorporation by Reference. (1) "Insurance Department Form 143, Detailed Listing of Securities Held Under Safekeeping Pursuant to KRS 304.8-095", (6/2020), is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Department of Insurance, 500 Mero Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (I-8.01; 1 Ky.R. 1076; eff. 7-2-75; TAm eff. 8-9-2007; Crt eff. 2-26-2020; 47 Ky.R. 405, 973; eff. 2-2-2021.)